

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

OCT - 9 1997

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)	
)	
Federal-State Joint Board on Universal Service)	CC Docket No. 96-45
)	
Access Charge Reform, Price Cap Performance)	
Review for Local Exchange Carriers, Transport)	CC Docket Nos. 96-262,
Rate Structure and Pricing, End User Common)	<u>94-1</u> /91-213, 95-72
Charge)	

REPLY COMMENTS

Sprint Corporation hereby respectfully submits its reply to comments filed in the above-captioned proceeding in response to the *Second Further Notice of Proposed Rulemaking*, released September 4, 1997, FCC 97-317.

Commenting parties overwhelmingly supported the Commission's proposal to waive the presubscribed interexchange carrier charge (PICC) for Lifeline customers who choose toll-blocking service.¹ With the exception of the Florida PSC, commenting parties also supported the Commission's proposal to include these waived charges in the low income universal service fund (*id.*), to which all telecommunications carriers which provide interstate telecommunications services contribute.

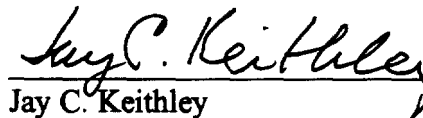
¹ See, e.g., Sprint, p. 1; MCI, p. 2; AT&T, p. 3; Bell Atlantic, p. 1; BellSouth, p. 2; Florida PSC, p. 3; Rural Telephone Coalition, p. 3; SBC/Pacific, p. 3; United States Catholic Conference, et al., p. 1; USTA, p. 2; US West, p. 2.

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The Florida PSC, in contrast, states (p. 3) that costs associated with waiving PICCs should be borne solely by IXCs since the PICC "was designed to recover IXC costs." However, the PICC was not "designed to recover IXC costs." The PICC recovers LEC local loop costs allocated to the interstate jurisdiction. The fact that some portion of interstate local loop costs have historically been recovered from IXCs (on an uneconomic basis, which is the reason why the Commission is reforming the system of interstate access charges) does not make those costs "IXC costs." Because the Florida PSC's cost recovery proposal would place the burden of waived PICC cost recovery entirely on IXCs, such proposal is not competitively neutral, and thus is violative of Section 254 of the Act, which requires that all telecommunications carriers that provide interstate telecommunications services contribute to universal service. The Commission should accordingly include the costs of waived PICCs in the universal service pool, to be recovered on the same basis as any other universal service cost.

Respectfully submitted,

SPRINT CORPORATION

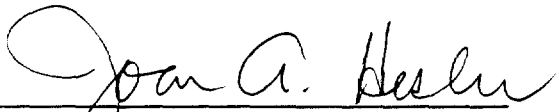


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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing **REPLY COMMENTS OF SPRINT** was Hand Delivered or sent by United States first-class mail, postage prepaid, on this the 9th day of October, 1997 to the parties on the attached service list.



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